

CENTRAL INTELLIGENCE AGENCY  
INFORMATION REPORT

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PLACE ACQUIRED [redacted] NO. OF ENCLS. (LISTED BELOW) 50X1  
DATE ACQUIRED [redacted] SUPPLEMENT TO [redacted]  
DATE OF INFORMATION [redacted] 50X1

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THIS IS UNEVALUATED INFORMATION  
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[redacted] 50X1

1. The USSR and the Satellite States were greatly affected by the ever-increasing embargo. Some authorities believe that smuggling activities are carried on through [redacted] East Germany, more precisely, [redacted] Berlin. [redacted] the above-named [redacted] play a minor role in these smuggling activities. Only small articles (microscopes, patents, designs, etc) can be smuggled, while large scale activities and operations are conducted at sea. 50X1

2. Poland is the chief Satellite country receiving the smuggled goods (copper, ores, generators, turbines, etc) through its harbor in Gdynia. [redacted] Ships leaving these ports have sailing orders indicating that the cargo is destined for one of the [redacted] countries. While the ship is at sea, the sailing orders are changed and the ship sails to Poland. 50X1

3. [redacted] 50X1

4. The embargo [redacted] is ineffective and uncontrolled. It is not known whether [redacted] firms cooperate in these smuggling activities, nevertheless, they officially export large quantities to Soviet controlled states. Electrical equipment (generators, rectifiers C and DC) for the largest Soviet aluminum plant delivered by the Brown Boveri Company of Baden and Montreal, Canada. President of [redacted] 50X1

5. Since the embargo has been more strictly enforced, Hungary hopes to obtain, through its agents [redacted] plans and designs from western countries for electronic equipment, mass production of tool machinery, hydro-turbines, generators, etc 50X1

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With this helpful information, Hungary would contract [ ] firms for producing these articles. Attempts have been made to curtail this flow of information [ ] 50X1  
[ ] to Satellite countries with no success.

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6. Yugoslavia's role is most suspicious. In 1947 and 1948 Yugoslavia undertook an enormous industrial program, however, due to the lack of funds it suffered a complete breakdown. With Marshall Plan aid the program was reopened and suffered another breakdown when in late 1951 this aid was withdrawn.

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7. At present Yugoslavia buys machinery and other equipment from the West [ ] markets. She buys equipment in quantities greater than she can use in the homeland. I [ ] Yugoslavia has not broken relations with the USSR completely. Yugoslavia plays the role of middle man and sells machinery and equipment to the USSR at a price estimated to be twice the original price in order to build up her own cash reserves.

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8. It was interesting to note that Yugoslavia had greatly over-staffed commercial representation [ ] Plans and negotiations are under way to build a new aluminum factory in Mostar, Yugoslavia, [ ]

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